



STATE OF WASHINGTON

PUBLIC DISCLOSURE COMMISSION

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TO: Members, Public Disclosure Commission

FROM: Doug Ellis
Director of Public Outreach

DATE: October 21, 2003

SUBJECT: Continuation of Rule-Making Process

The following draft rule amendments and draft new rule are presented as a continuation of the rule making activity first undertaken at your May 27, 2003 meeting.

Draft Rule Amendments

WAC 390-16-050 Forms for contributions and expenditures of out-of-state or federal political committees. House Bill 1294, approved by the legislature last session, became effective on July 27, 2003. This measure made a number of changes in the reporting requirements of out-of-state and federal political committees. The measure made the following changes:

- Exempts from C-5 reporting those committees that file campaign reports with the Federal Election Commission (FEC).
- Restricts application to political committees whose primary purpose is to influence elections in other states, but who may make contributions to or expenditures regarding Washington candidates, ballot measures or political committees.
- Eliminates the forfeiture remedy found in current law.
- Changes the due date of the C-5 report from "within 10 days" of a contribution being received to the 20th of the month following the month in which the contribution or expenditure is made.

The draft amendment to WAC 390-16-050, reflected in changes to PDC form C-5, incorporates the legislative changes. See attached draft rule amendment.

WAC 390-16-055 Forfeiture of contributions received from out-of-state or federal political committees. Staff is recommending repeal of this rule. House Bill 1294, which became effective on July 27, 2003, eliminated the forfeiture provisions of RCW 42.17.090. The rule is no longer needed. See attached rule.

WAC 390-19-030 Electronic filing – Reporting threshold. On January 1, 2004, the threshold for mandatory electronic filing of campaign finance reports is lowered from \$25,000 to \$10,000 in expenditures. The draft amendment reflects the new threshold level and establishes an additional benchmark for determining when a filer can reasonably "expect to expend" an amount equal to or more than \$10,000. See attached draft rule amendment.

New WAC 390-17-105 Small contributors of twenty-five dollars or less. On February 12, 2003, King County Superior Court Judge Richard McDermott issued a permanent injunction enjoining the Commission from taking action to enforce RCW 42.17.680(4) by requiring employers to disclose the names or signatures of such individuals who have made contributions in the amount of twenty-five dollars or less during the year. The new rule implements the requirements of the permanent injunction. See draft rule amendment and permanent injunction.

The 2003 Caucus Political Committee audits revealed a need to clarify the expenditure reporting requirements. The following three draft rules are proposed:

WAC 390-16-037 Purpose of campaign expenditures – Reporting. The draft rule amendment clarifies the existing rule by requiring detailed information and provides three examples of how the “purpose” of an expenditure should be reported. See draft rule amendment.

WAC 390-16-205 Expenditures by agents, employees -- Reporting. The draft rule amendment references WAC 390-16-037 and provides examples of how to breakdown expenditures by agents and employees. See attached draft rule amendment.

WAC 390-16-041 Forms -- Summary of total contributions and expenditures. The draft rule amendment clarifies the requirement to provide a detailed breakdown of expenses on Schedules A and B to the C-4 Report. The draft rule also adds a note on the **Expenditure Code Definitions and Uses** section that reminds filers of the obligation to provide detailed information in the description block of both the Schedule A and Schedule B. See attached draft rule amendment.

Expedited Rules

In our continuing effort to conserve agency expenses and reduce paper consumption, staff has filed two expedited rule amendments with the Code Reviser’s Office.

Amendments to **WAC 390-20-0101 Forms for lobbyist registration** and **WAC 390-20-110 Forms for lobbyist employers report** will add a space on PDC forms L-1 and L-3 for the inclusion of an E-mail address for employer’s of lobbyists. These minor changes on two forms will facilitate electronic communication with lobbyist employers, resulting in lower printing and postage costs for distribution of L-3 manuals and forms, which have traditionally been sent by regular mail.

The expedited rule amendments were filed on October 15, 2003. See attached PDC forms L-1 and L-3.

Initial Rule Discussion

On an annual basis, state agencies which hold regular meetings must file a schedule of the time and place of such meetings with the Code Reviser’s Office. The Commission has traditionally combined the November and December meetings into one meeting in early December. The issue is brought forward for discussion on whether there is an interest in amending **WAC 390-12-010 Public disclosure commission -- Regular meetings** to reflect the current practice. See attached draft amendment.

Action by the Commission. At this point, staff is requesting the Commission approve the draft language in WAC 390-16-050, WAC 390-19-030, WAC 390-16-037, WAC 390-16-205, WAC 390-16-041, repeal WAC 390-16-055 and approve the new draft language in WAC 390-17-105. If approved, the draft language will be filed with the Code Reviser's Office and a public hearing scheduled for December 2003.